

# Do You Have the Right Customers?

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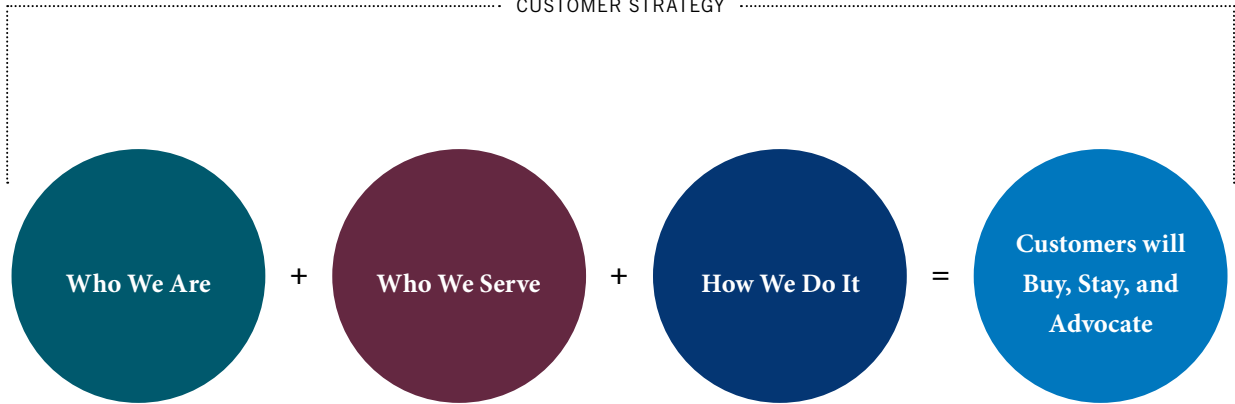
Many people wonder why having a customer strategy is so important. As with any strategy, a customer strategy is a bit like an insurance policy. One could argue that a customer strategy isn't actually required at all. In fact, no strategy is required.

Organizations could all just go about planning and executing without a well-formed strategy. Of course, we've all seen what happens in this situation. There are varying definitions of success and conflicting goals that don't drive toward success (because success hasn't been clearly defined). Also, it becomes more difficult to manage change which can lead to frustrated team members.

Even in the most mature businesses, a fresh strategy is important to prevent drifting off mission and becoming out of touch with the needs of customers. A sound customer strategy provides a competitive advantage to attract and retain the most and best customers. So, unless you're uninterested in a competitive advantage, you need a strong customer strategy.

It's always surprising when a business doesn't want to give proper focus to a customer strategy. Still, past experiences with developing strategies may shape the perceptions some people have about the process and value of building a customer strategy. They may have seen others spend long amounts of time to develop all sorts of strategies that sit in a file or on a shelf, many of which are not easily implemented. However, that does not mean we should just forget all about strategy. There is a better way.

FIGURE 1:  
CUSTOMER STRATEGY



Let's look a little deeper at each of the components of a customer strategy (see Figure 1), continuing with the visual definitions. All of these components can be quick and simple or intense and complex, depending on the needs of the situation.

### ● Who We Are

**The Brand Promise** is the value an organization intends to deliver to its customers (current and potential) by interacting with it. A compelling Brand Promise is also the purpose of the brand. The best Brand Promises have the following qualities:

1. Conveys compelling value to a specific customer group
2. Credibility and authenticity
3. Uniquely achievable by only the organization who delivers it

One example is the NFL's brand promise, which is to "be the premier sports and entertainment brand that brings people together, connecting them socially and emotionally like no other."

### ● Who We Serve

The Brand Promise should be compelling to each customer persona (and may in fact be unique to each persona). A **Customer Persona** is simply a customer group or segment that has been augmented with psychographics, such as behaviors, needs, aspirations, dislikes, values, thoughts, and emotions. The whole purpose of a persona is to help your organization put themselves in the shoes of your customers. When that becomes easy, they can anticipate customers' behaviors and serve them better than any competitor.

One client thought they understood a particular new target market. They were wanting to more intensely target the hospitality industry. However, because they had been selling through a mature channel, they were not well informed about their customers. They couldn't answer questions such as: "What are the triggering events to buy your product?" "Who is the individual who places the order?" "Why would they buy from you versus a competitor?" "What would it take to change the buying location from retail to online?" and "What is the customer's most/least favorite part of the buying process?"



Without answers to questions like these, they couldn't even begin to develop a strong customer strategy. Once they developed a few key personas and did some basic research, the answers started to become more obvious — they could more accurately predict their customers' behaviors.

Customer personas can be powerful tools to provide:

- **Focus and simplification.** Communications and messaging can focus on specific personas. It is easy for all internal team members to step into the shoes of the persona in order to anticipate reactions, emotions, needs, and behaviors.
- **Prioritization.** Personas provide focus on high priority requirements, avoiding edge cases.
- **Precision.** Because various customer groups may behave significantly differently, it is important to deeply understand these groups. Personas provide more precise measurement and hypothesis testing.
- **Better-informed decisions.** Personas enlighten decisions and trade-offs for key customer decisions.

## ● How We Do It

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A **Customer Experience** includes the phases of the customer journey, combined with things such as the customer's behaviors, thoughts, and emotions at each step along the journey. A customer experience model can be a tool to measure an organization's success on achieving the Brand Promise. The better a customer experience is, the more likely a customer will buy and pay more for that solution.

**The Business Process** is the second part of the customer experience. The primary business processes that impact the customer experience are typically marketing, sales, product, and support; however, other areas of an organization can also impact the customer experience. It is important to understand and design business process to have the intended resulting customer experience.

## ● Customers Will Buy, Stay, and Advocate

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There are many ways to measure the resulting customer behaviors, including web site conversion, predictive churn analytics, and Net Promoter Score®. A Customer Loyalty Model is one example that provides a way to measure the affinity a customer has for a given product or service.

A Customer Loyalty Model will define intended loyalty behaviors for various customer personas and should include at least two factors:

**Customer Value.** This is the potential value a customer represents to a given company and is often measured as Customer Lifetime Value. A company should know predictors that indicate a predisposition to buying, such as: company size, historical spend, industry, growth rate, systems installed or personal relationship. These buying indicators are also measures of value.

**Customer Loyalty Actions.** These are the actions that customers take that might reveal the appropriate loyalty level. Examples include: commenting on Social Media, Help Desk interactions, Salesforce interactions, quotes or mentions in publications or participation in company events.

## THE KEYS TO DEVELOPING A SUCCESSFUL CUSTOMER STRATEGY:

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**Center on purpose.** Having a deep understanding of an organization's purpose is the predecessor to a well-written strategy. A purpose answers questions such as, "Why do we exist in the marketplace?" and "Why are we uniquely able to deliver on our purpose better than our competition?" Not having a clear, agreed-upon purpose will cause confusion and churn on strategic decisions. When a purpose is well-understood, the strategic development process is more straightforward.

**Write it down.** "If it's not written down, it doesn't exist." One of the best benefits of writing something down is clarity. In fact, it is often the process of writing that produces clarity. There was one client who said with confidence, "Our strategic differentiation is that we have a cost advantage — no one can beat us on

price.” His boss said, “Our brand is synonymous with the highest quality. We are a premium offering.” His boss’s boss said, “We provide the most outstanding service in the industry.” We worked with them to prioritize between price, quality, and service. Not everyone agreed on their answers at first, but this led them to zero in on their unique strategic value in the marketplace.

**Visualize.** Pictures, models, and frameworks are not just words; they are great “tests” to scrutinize ideas. Oftentimes, ambiguity that can hide within verbiage is exposed in a picture. So, write it down and draw it in a picture. Furthermore, frameworks allow process to be compressed or expanded without throwing discipline out the window.

**Be flexible.** When the components are well understood, a strategy can be developed quickly — even in a few minutes on the back of a napkin — as part of a project, or something that can provide intense focus as part of a transformation. Each situation is unique and the right approach should be tailored to the unique situation.

**Be informed.** How much research and analysis are needed is solely dependent on how well informed decisions need to be. When Steve Jobs chose the color of white on the box for the Apple II (and even delayed shipment, causing it to be late to market, because it wasn’t quite the right color of white), he didn’t hold a focus group or survey — he used his gut. On the other hand, sometimes executives need better-informed decisions. This is true especially when decisions are more complex; executives can’t agree or they may be looking to dig deeper for an innovative approach to gain a competitive advantage. Some decisions need to be based on gut or opinion while others should be well-informed by research and analysis.

**Have a clear champion.** Customer strategy is different from other types of strategy in that there is not often a clear owner or champion. Sometimes there are multiple owners, such as: Marketing, Sales, and Support. Pick one, or use a committee, but it is important for the recipients of a customer strategy to understand what they are going to receive and when so their plans will be aligned with the strategy.

**Provide quick output.** Like all strategies, a customer strategy is conceptual and is a foundation that others need in order to be able to build plans that drive toward success. It is important not to extend the strategic development process for too long without providing usable updates along the way. A well-written strategy can be broken down into valuable chunks that people can begin using right away.

Knowing the keys to a successful customer strategy is a good start. In the spirit of the third key — Visualize — in the left column, we developed a simple illustrated definition of a customer strategy. There are many definitions that can be used for a customer strategy so the visual formula on page 49 may provide a simple and scalable definition that can be used for the simplest or most complex situations.

Knowing the core components of a customer strategy enables you to clearly and quickly assess where you are, compress or expand various areas where needed, and begin driving that wedge deeper between you and your competition. So, internalize the definition. Break it apart. And tailor it to your environment.

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